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LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Argentina: Civilians Encourage Military Intervention

A group of conservative businessmen, dismayed by Argentina's unchecked economic disintegration, has reportedly been encouraging some military officers to overthrow President Peron's government. 3.3(b)(1)

that during July the businessmen were sounding out the willingness of a number of generals to make such a move. The army joint staff has since received an anonymous document arguing the economic justification for a coup in terms similar to those attributed to the civilian plotters.

According to the 27-page document, Peronist economic programs have produced a large fiscal deficit, discouraged investment, caused productivity to drop, and raised the cost of essential imports through frequent devaluations. The document also attacks the reestablishment of diplomatic relations with Cuba and warns that, unless current policies are abandoned, the government will soon be dominated by leftists. The paper asserts that continuing political turmoil has weakened defense capabilities and that Argentina's influence in Latin America has declined in comparison to that of its longtime rival, Brazil.

The identity of the document's authors apparently is not known to the military, but the members of the army joint staff reportedly consider the document an accurate assessment of the present situation and a good rationale for military intervention. Some high-ranking officers would probably back a move to oust President Peron now, but most are apparently waiting until they feel assured of massive popular support. They hesitate to repeat the military's past mistake of attempting to govern without substantial civilian backing. 3.5(c)

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Argentina: Major Scandal Unlikely

Peronist legislators have side-tracked Radical Party efforts to investigate the financial dealings of President Peron and former social welfare minister Jose Lopez Rega.

The controversy was touched off by press reports in mid-August that President Peron had diverted about $800,000 from Peronist welfare funds to her late husband's estate. Spokesmen for Mrs. Peron blame the improper transfer on her lawyer--former Interior Minister Benitez--and claim that she is taking steps to correct the mistake. Other Peronists, however, have attempted to defend the action by noting that the check was intended to cover a portion of the inheritance due the sisters of Peron's former wife Evita. They also argue that only a fraction of the amount congress appropriated to Juan Peron two years ago in restitution for property confiscated during his overthrow in 1955 had been put into his account. The Radicals claim that their repeated requests for a full accounting of the amount budgeted for restitution have not been answered by the government.

The Radicals have been fairly low-key in their efforts to launch an inquiry. Their proposal, which would set up a special investigatory commission, suggests a calculated effort to gain favorable publicity for the party while avoiding an uncontrolled escalation of the debate on political corruption. The Peronists have nevertheless responded to the disclosures with great apprehension, probably out of fear that a thorough investigation would reveal extensive misuse of government funds by Mrs. Peron's administration.

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Because the problem of graft is endemic throughout the Argentine political system, it is rarely a topic of public debate. The surfacing of this issue is an obvious attempt by President Peron's opponents to force her from office. The danger of such an action, however, is that a scandal of major proportions would discredit civilian politics in general in the eyes of military leaders and probably much of the general population.

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